

D26A07
Department of Aging

Operating Budget Data

(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$22,617	\$20,410	\$20,540	\$130	0.6%
Contingent & Back of Bill Reductions	0	0	-2	-2	
Adjusted General Fund	\$22,617	\$20,410	\$20,538	\$128	0.6%
Special Fund	362	378	422	44	11.6%
Adjusted Special Fund	\$362	\$378	\$421	\$44	11.5%
Federal Fund	30,252	27,857	26,365	-1,493	-5.4%
Contingent & Back of Bill Reductions	0	0	-2	-2	
Adjusted Federal Fund	\$30,252	\$27,857	\$26,362	-\$1,495	-5.4%
Reimbursable Fund	3,161	4,000	4,283	283	7.1%
Adjusted Reimbursable Fund	\$3,161	\$4,000	\$4,283	\$283	7.1%
Adjusted Grand Total	\$56,392	\$52,645	\$51,605	-\$1,041	-2.0%

- Funding declines \$1.0 million, driven by a \$1.5 million decline in federal funds. This is mainly due to the conclusion in fiscal 2013 of five federal grants. General, special, and reimbursable funds somewhat offset this decline by \$0.5 million.
- The allowance includes a small across-the-board reduction to account for favorable cost trends in health insurance. Between general, special, and federal funds, Maryland Department of Aging's (MDOA) budget is reduced by \$5,258.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>
Regular Positions	55.70	55.70	51.70	-4.00
Contractual FTEs	<u>21.00</u>	<u>24.00</u>	<u>23.00</u>	<u>-1.00</u>
Total Personnel	76.70	79.70	74.70	-5.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New
Positions

2.11 4.25%

Positions and Percentage Vacant as of 12/31/12

1.00 1.80%

- The allowance transfers 6 regular positions to the Department of Health and Mental Hygiene (DHMH) to manage the processing of claims for the Medicaid Waiver for Older Adults, the responsibility for which will also transfer to DHMH. The allowance adds 2 regular positions through contractual conversions.
- The allowance deletes 1 contractual full-time equivalent position associated with a grant that ended September 30, 2012.

Analysis in Brief

Major Trends

Maintaining Seniors in the Community: It is much less costly to families and the State for seniors to be living in the community rather than in nursing facilities. The number of seniors receiving community-based services through MDOA grew 1.8% in fiscal 2012, though funding for these services declined. The percent of seniors in need of services who are receiving them was steady at 11.2%. **MDOA should comment on ways to reduce the waiting list for the Congregate Housing, Senior Care, and Assisted Living programs.**

Other Activities: MDOA is responsible for guardianships in the event a Maryland senior does not have a suitable guardian available. Both the number of guardianships served and the number avoided increased in fiscal 2012. The outcomes of MDOA's jobs training and placement programs are expected to stay steady at the fiscal 2011 level through fiscal 2014, as are the investigations into senior abuse and exploitation that are closed in each year.

Recommended Actions

1. Concur with Governor's allowance.

D26A07 – Department of Aging

D26A07
Department of Aging

Operating Budget Analysis

Program Description

The Maryland Department of Aging (MDOA) has the responsibility for administering community-based long-term care programs and services for older Marylanders, evaluating services they need, and determining the extent to which public and private programs meet those needs. The department also administers the State Aging and Disability Resource Center Program (ADRC) known as Maryland Access Point (MAP). The ADRC is a national initiative to realign long-term care information and access resources into a single point of entry system. The department administers the MAP program through collaborative partnerships with State and local aging and disability agencies and stakeholders. With input from the local Area Agencies on Aging (AAA), seniors, caregivers, the Maryland Department of Disabilities, and other sister agencies, the department establishes priorities for meeting the needs of older Marylanders and advocates for frail and vulnerable seniors and expansion of the MAP program. The department promotes healthy lifestyles for older Marylanders, *e.g.*, good nutrition, exercise, employment, and volunteerism, so that they remain active and engaged in their communities. The key goals of the department are:

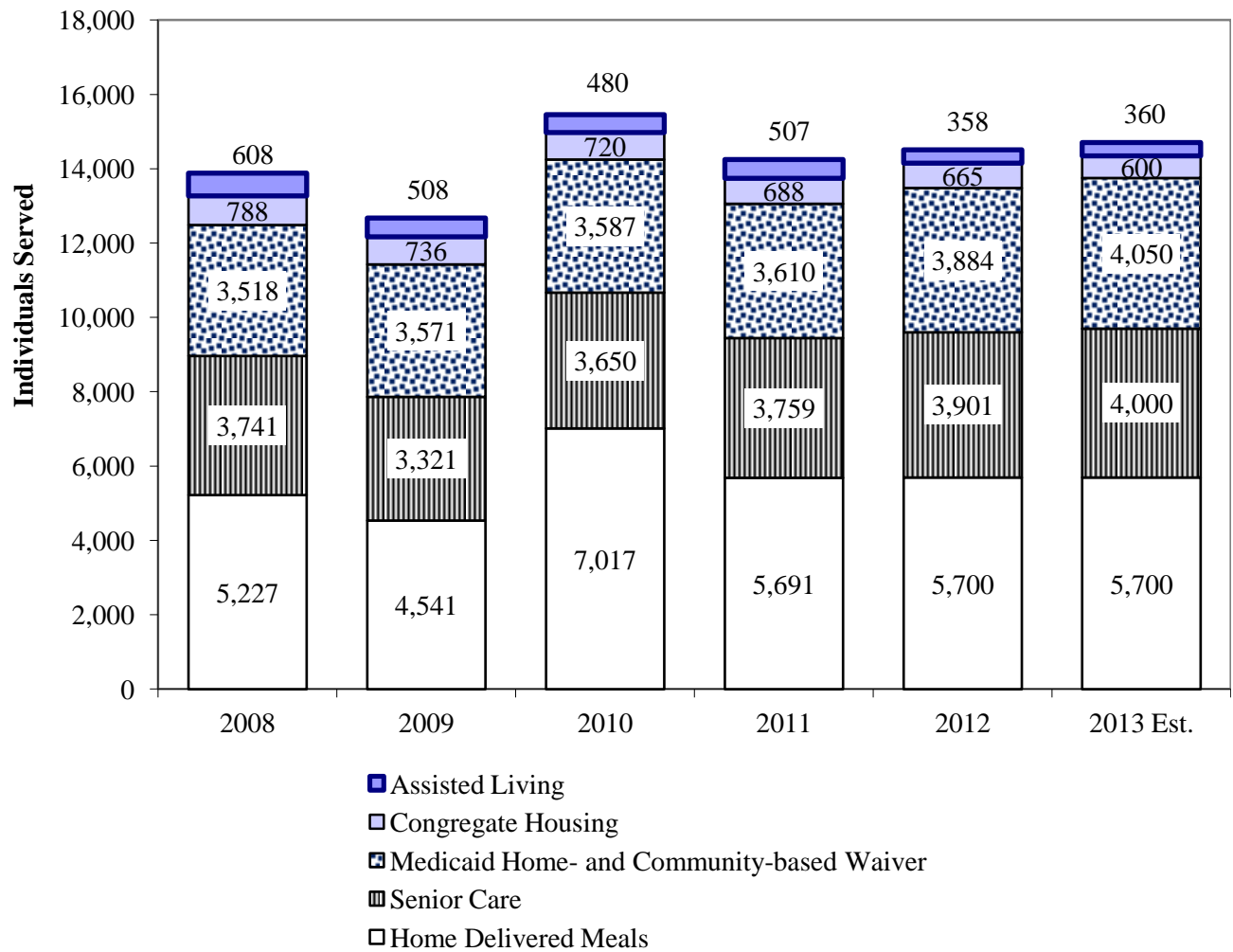
- to enable older Marylanders to remain in their homes with a high quality of life for as long as possible;
- to ensure the rights of older Marylanders and prevent their abuse, neglect, and exploitation; and
- to empower older Marylanders to stay active and healthy.

Performance Analysis: Managing for Results

1. Maintaining Seniors in the Community

Exhibit 1 shows the performance data for MDOA's goal to enable seniors to reside in the most appropriate and safest living arrangements within the community for as long as possible. The total number of seniors receiving community-based support services through MDOA grew nearly 21.0% in fiscal 2010. Though it declined the following year, it was still above the fiscal 2009 rate. The total number grew by 1.8% in fiscal 2012.

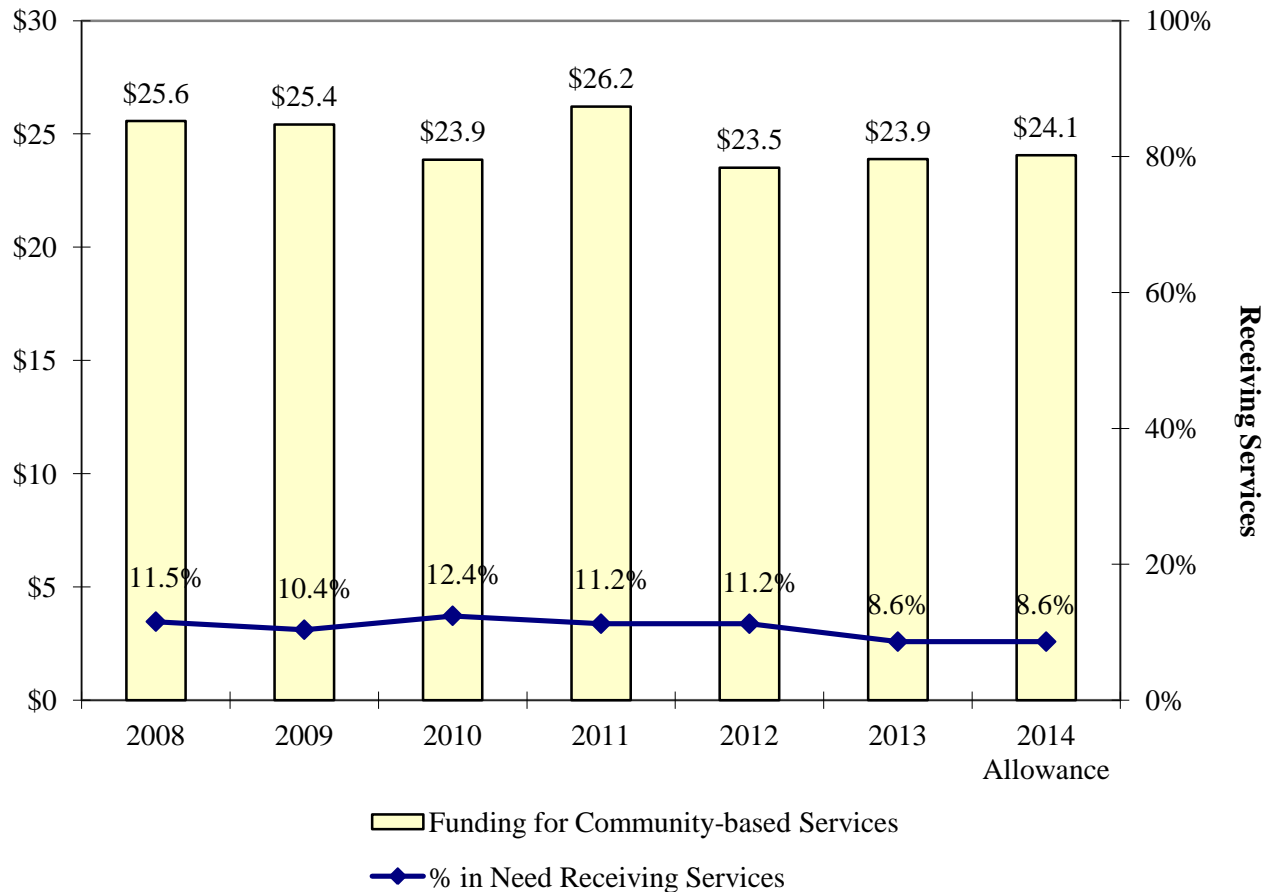
Exhibit 1
Maintaining Seniors in the Community
Fiscal 2008-2013



Source: Maryland Department of Aging

Exhibit 2 shows funding for the community-based services together with the percentage of seniors in need of those services that are receiving or projected to receive them for fiscal 2008 through 2014. Funding for community-based services has fluctuated year to year, growing 9.8% in fiscal 2011 and then falling 10.3% in the following year. The percentage of seniors in need of services that received them has stayed relatively steady, between 10.4 and 12.4%, though the agency expects that rate to fall to 8.6% in fiscal 2013.

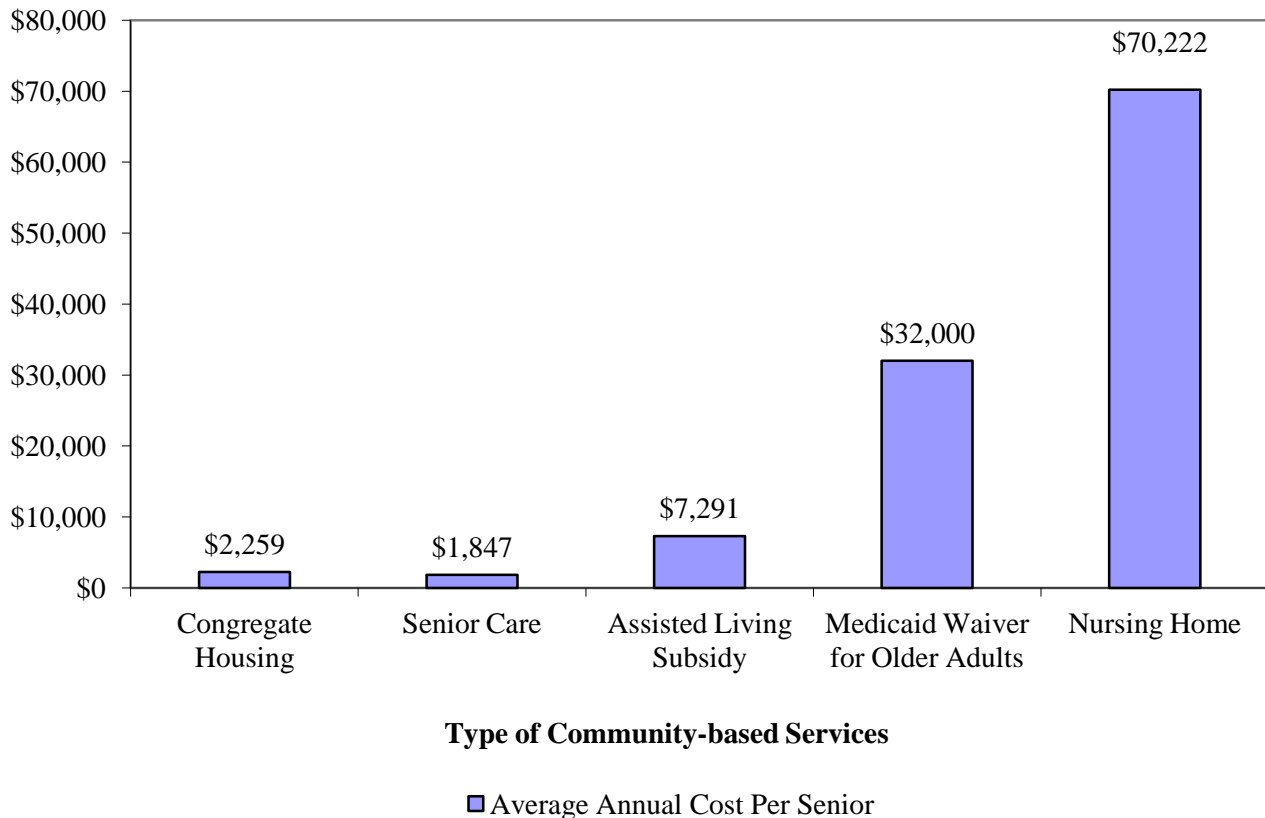
Exhibit 2
Funding as Percent of Need Fulfilled
Fiscal 2008-2014
(\$ in Millions)



Source: Maryland Department of Aging; Governor's Budget Books, Fiscal 2011-2014

Community-based services are considered to be a cost effective investment for the State because many of the people who receive community-based services would require nursing home services if the community-based options were not available. As shown in **Exhibit 3**, the average cost per person for nursing homes is more than double the cost of the Medicaid Waiver for Older Adults, which is the most expensive community-based option. The Medicaid Waiver for Older Adults allows services, such as personal care, home-delivered meals, and accessibility adaptations, to be provided to eligible persons in their own homes rather than in a nursing facility.

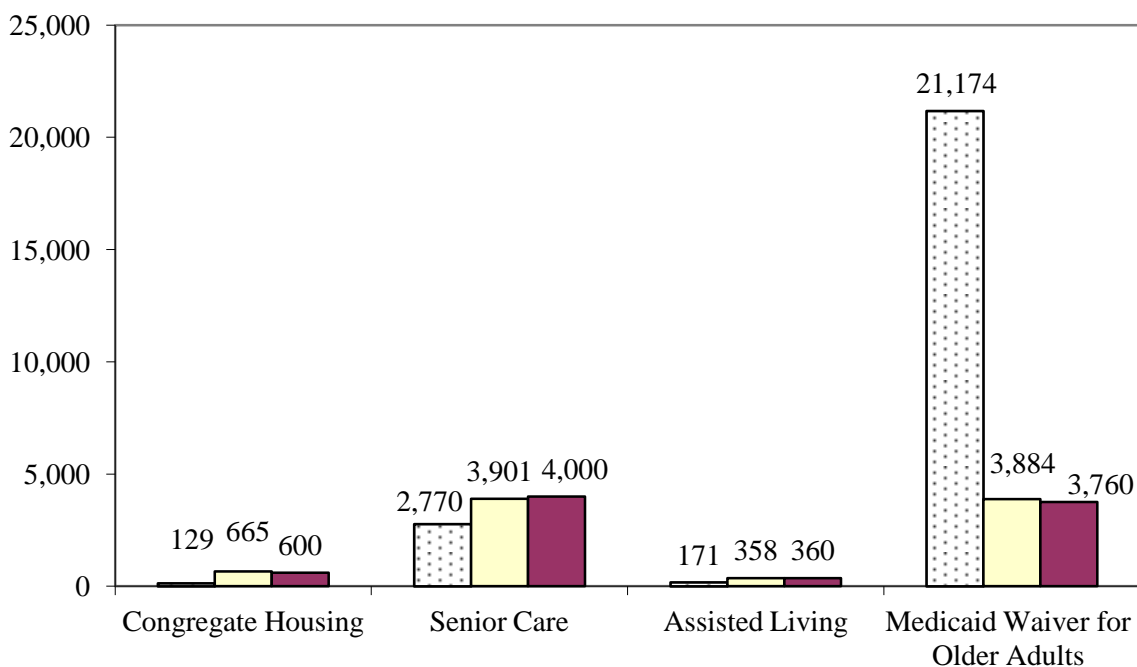
Exhibit 3
Cost of Community-based Services Versus Nursing Home Care
Fiscal 2012



Source: Maryland Department of Aging

Exhibit 4 shows the number of individuals on the waiting list as of December 2012 for each of the four community-based services, along with the number of individuals served in fiscal 2012 and receiving services in fiscal 2013. The Medicaid Waiver for Older Adults is capped at 2,900 slots at any one point in time which explains the large waiting list. Of the remaining programs, as a percent of the people served in fiscal 2012, the Senior Care waiting list is the largest at 71%, followed by the Assisted Living program at 48%, and the Congregate Housing program at 19%. The fiscal 2014 allowance for MDOA includes \$1.5 million for Congregate Housing, \$7.2 million for Senior Care, and \$3.0 million for Assisted Living. Total funding for these programs is down slightly from fiscal 2013, 0.3%. **MDOA should comment on ways to reduce the waiting list for the Congregate Housing, Senior Care, and Assisted Living programs.**

Exhibit 4
Seniors Served Versus the Waiting List
Fiscal 2012-2013



Types of Community-based Services

- ▨ Seniors on Waiting List as of December 2012
- ▨ Seniors Receiving Services in Fiscal 2012
- Estimated Seniors Receiving Services in Fiscal 2013

Source: Maryland Department of Aging

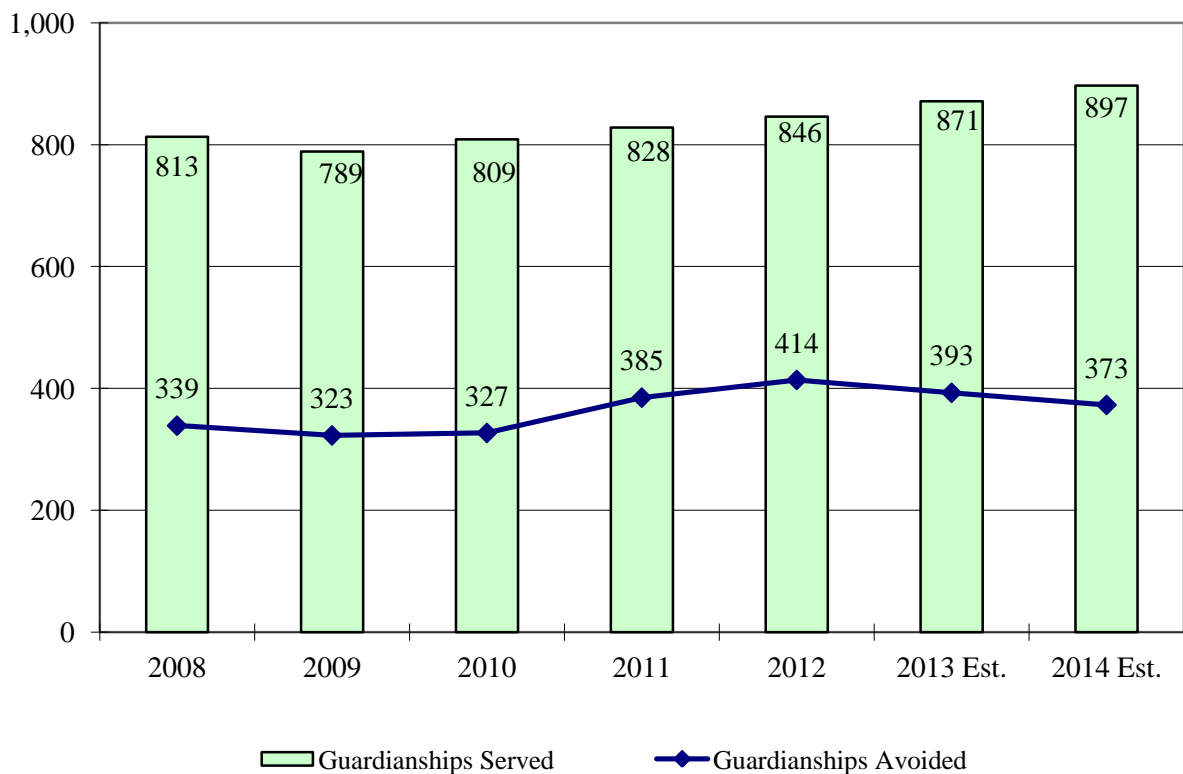
2. Other Activities

Public Guardianship

In the absence of a suitable guardian, MDOA or the local AAA may be appointed as a public guardian for persons age 65 or older who have been declared by the courts to be incapable of making their own decisions. Guardians may be required to determine appropriate living arrangements, oversee the provision of services, or consent to medical treatment for persons under their guardianship.

Exhibit 5 shows that both the number of guardianships served and the number of guardianships avoided increased in fiscal 2012, with those avoided growing at a faster rate. In order to avoid guardianship cases, MDOA works with the local Department of Social Services, hospital discharge staff, and other petitioners to find family members or other interested people who would be willing to be the guardians.

Exhibit 5
Public Guardianship Activities
Fiscal 2008-2014

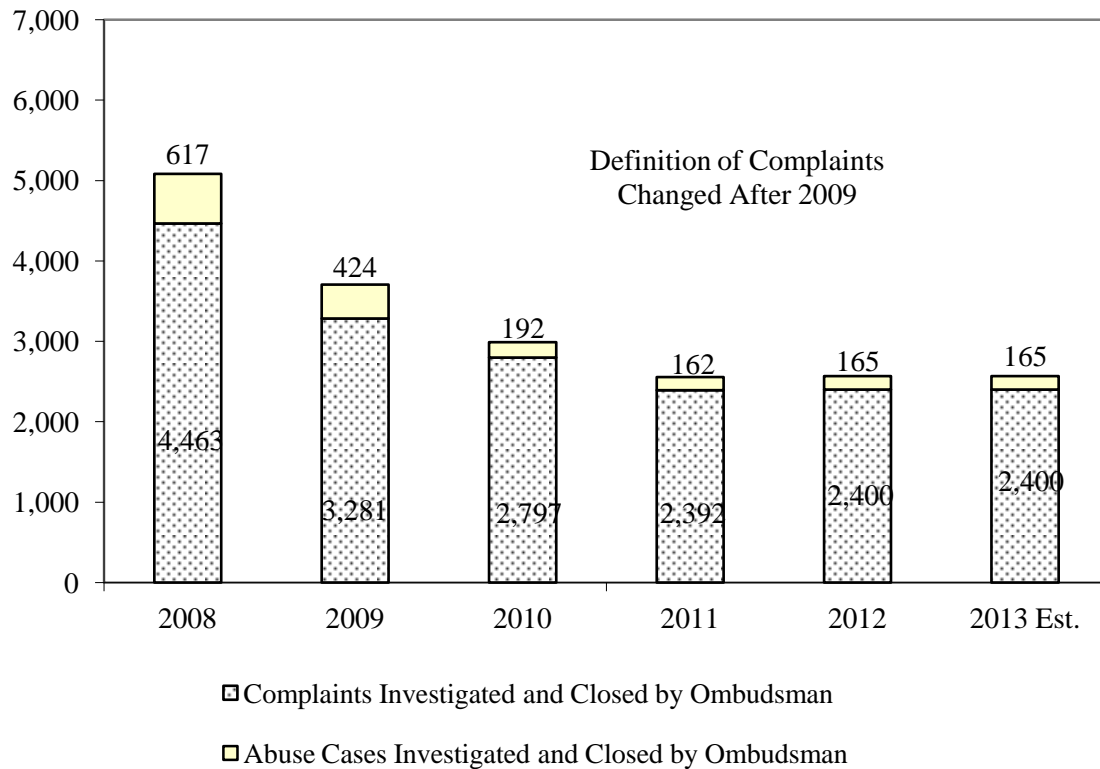


Source: Maryland Department of Aging

Ensuring Seniors Are Treated with Dignity

Exhibit 6 shows MDOA's efforts at achieving its goal to ensure that seniors are treated with dignity and protected against abuse, exploitation, and consumer fraud. The exhibit shows the total number of cases and complaints investigated and closed by ombudsmen. Beginning in fiscal 2010, the definition of complaint no longer included responses to reports made by nursing facilities. The number of abuse cases investigated and closed is expected to remain stable.

Exhibit 6
Investigations Closed
Fiscal 2008-2013



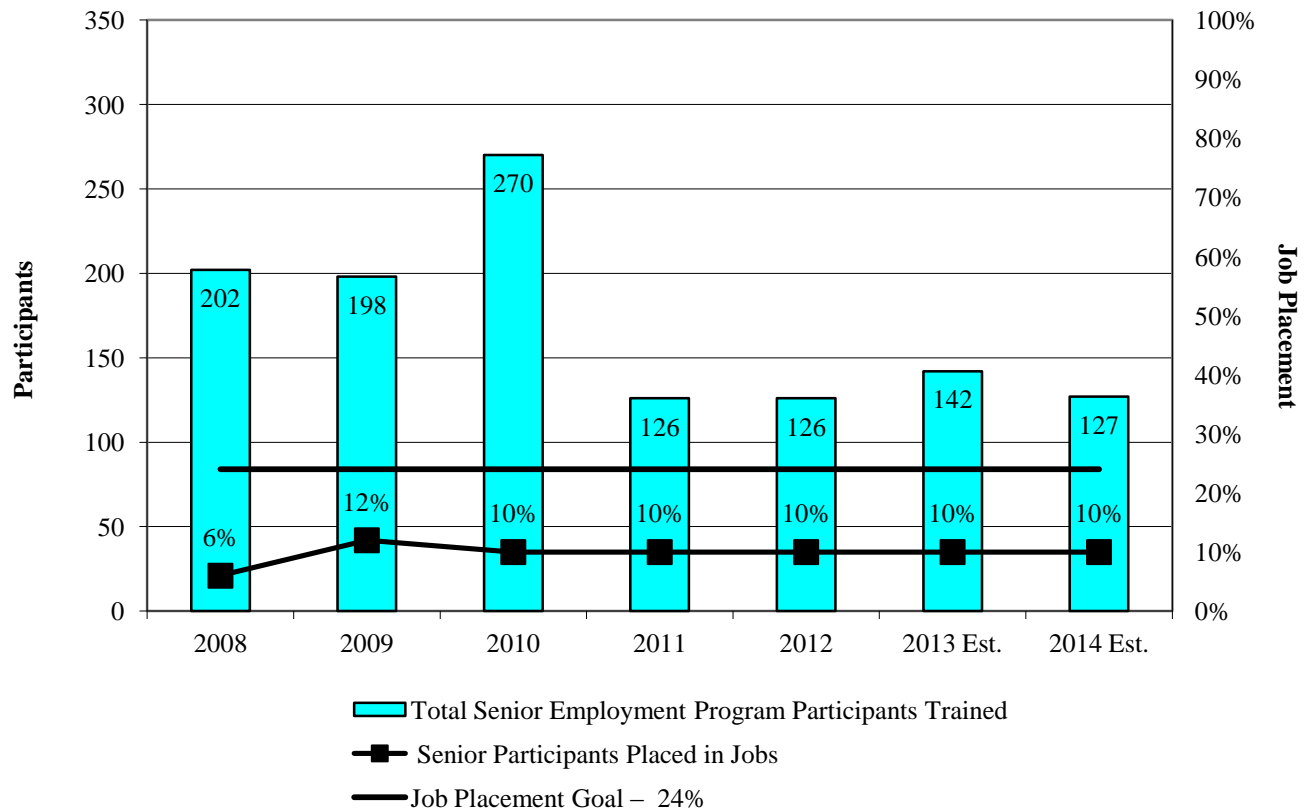
Source: Governor's Budget Books, Fiscal 2011-2014

Employment and Training for Seniors

MDOA provides training and employment to eligible older workers through participating nonprofit organizations and government entities that provide community services, which helps participants update and enhance their skills. During the training period, seniors receive minimum wage for 20 hours of work per week funded by the U.S. Department of Labor. Then, some participants are placed in regular positions and paid the market wage. The fiscal 2014 budget includes \$1.0 million for this program, down \$0.4 million from fiscal 2013.

Exhibit 7 shows the number of seniors trained through the program each year and the percentage of those trained that are placed in a job. The agency has fallen short of its goal in each year shown, and rates are expected to remain relatively unchanged at the fiscal 2011 level through

Exhibit 7
Employment and Training for Seniors
Fiscal 2008-2014



Source: Governor's Budget Books, Fiscal 2011-2014

Fiscal 2014. The large increase in the number of participants trained in fiscal 2010 was due to the additional training funding provided through the American Recovery and Reinvestment Act of 2009. As funding declines in fiscal 2014, the number of participants may also decline.

Fiscal 2013 Actions

Section 25 of Chapter 1 of the First Special Session of 2012 (the Budget Reconciliation and Financing Act of 2012) required the Governor to abolish at least 100 vacant positions as of January 1, 2013, saving at least \$6 million in general funds. Though there were no positions abolished, the agency did receive a \$7,284 general fund reduction.

Proposed Budget

Exhibit 8 shows that the overall change for MDOA is a decrease of \$1.0 million, driven by a \$1.5 million decrease in federal funds. Increases in general, special, and reimbursable funds offset that reduction by \$0.5 million. The exhibit shows that the largest increases are grant funded activities from the Enhanced Options Counseling and Chronic Disease Self-Management Education grant programs. Contractual employee payments increase \$312,422. Though there is a 1.0 full-time equivalent (FTE) contractual employee reduction in fiscal 2014, 5.3 FTEs were added in fiscal 2013. However, those added FTEs were not funded when they were added.

Under personnel expenses, two contractual full-time equivalent positions are converted to regular positions, resulting in a \$148,120 increase. An increase of \$91,015 is due to higher retirement contributions for regular employees. The rate increases are attributable to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension reform. Annualization of the fiscal 2013 employee cost-of-living adjustment (COLA) also increases the allowance by \$37,435.

A decrease of \$325,748 is due to the transfer of 6 positions to the Department of Health and Mental Hygiene (DHMH). These positions were responsible for processing provider claims for the Medicaid Waiver for Older Adults, a duty that is shifting to DHMH. In addition, funding for the Senior Employment Program is reduced by \$349,960, as a contract that MDOA had to administer the program in part of the State expires. However, these services will continue to be offered by the contracting body.

Exhibit 8
Proposed Budget
Department of Aging
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
2013 Working Appropriation	\$20,410	\$378	\$27,857	\$4,000	\$52,645
2014 Allowance	<u>20,540</u>	<u>422</u>	<u>26,365</u>	<u>4,283</u>	<u>51,610</u>
Amount Change	\$130	\$44	-\$1,493	\$283	-\$1,035
Percent Change	0.6%	11.6%	-5.4%	7.1%	-2.0%
Contingent Reduction	-\$2	\$0	-\$2	\$0	-\$5
Adjusted Change	\$128	\$44	-\$1,495	\$283	-\$1,041
Adjusted Percent Change	0.6%	11.5%	-5.4%	7.1%	-2.0%

D26A07 – Department of Aging

Where It Goes:

Personnel Expenses

Contractual conversions.....	\$148
Employee retirement.....	91
Other salary adjustments.....	60
Annualization of fiscal 2013 employee cost-of-living adjustment	37
Turnover	29
Employee and retiree health insurance	21
Accrued leave payout	-7
Workers' compensation	-7
Social Security	-11
Positions transferred to the Department of Health and Mental Hygiene for Medicaid Waiver for Older Adults	-326
Senior employment participant wages.....	-350

Other Changes

Contractual employee salaries	331
Grant funded studies to improve Senior resources and self-directed care.....	300
Grant funded awards and trainers	106
Travel.....	59
Management services for two new Maryland Department of Aging grants	50
Supplies and materials for two new Maryland Department of Aging grants.....	41
Program Grants to Area Agencies on Aging (See Exhibit 9 for details.)	-1,619
Other	3

Total **-\$1,041**

Note: Numbers may not sum to total due to rounding.

Changes in grants to local AAAs can be seen in **Exhibit 9**. Overall, spending on AAAs declines \$1.6 million. This is driven primarily by the expiration of five federal grants, which together account for \$1.5 million of the change. The biggest changes are in the Real Choice Systems Change and the Medicare Improvements for Patients and Providers programs, both of which will conclude in fiscal 2013. Spending on naturally occurring retirement communities increases by \$350,000 and is the largest increase unrelated to a fund shift. This funding will be used to expand the Jewish Social Services Holocaust Survivor Program, which provides basic safety net services for the elderly.

Appendix 4 shows a county-by-county breakdown of fiscal 2013 State and federal grants to AAAs. Counties that receive more in federal grants will likely be disproportionately affected by the reduction in federal support.

Exhibit 9
Changes in Grants Administered by the Department of Aging
Fiscal 2013-2014

	<u>2013</u>	<u>2014</u>	<u>\$ Change</u>
Increases			
Naturally Occurring Retirement Community grant	\$450,000	\$800,000	\$350,000
Nutrition grant funding	12,156,982	12,366,203	209,221
Vulnerable Adults funding	478,756	553,756	75,000
Federal Health Insurance Counseling Grant	509,995	568,856	58,861
Ombudsman	1,583,827	1,604,651	20,824
Decreases			
Senior Medicaid Patrol	144,023	138,823	-5,200
Senior Care Program grant	7,241,384	7,206,383	-35,001
National Family Caregiver grant	2,489,257	2,381,706	-107,551
Maryland Access Point Website Maintenance (part of Resource Center Program grant)	125,000	0	-125,000
Nutrition Services Incentive Program	1,836,363	1,706,294	-130,069
Community Services grant	5,915,121	5,711,775	-203,346
Expiration of Federal Funds			
Evidence-based Health Promotion	150,000	0	-150,000
American Recovery and Reinvestment Act of 2009 Evidence-based Health grant	240,000	0	-240,000
Nursing Home Diversion Program	250,000	0	-250,000
Affordable Care Act – Medicare Improvements for Patients and Providers	295,049	0	-295,049
Real Choice Systems Change Grant	550,000	0	-550,000
Funding Shifted Between Grants			
Resource Center Program reimbursable funds shifted to Money Follows the Person program	2,257,061	1,540,000	-717,061
Money Follows the Person program	1,202,887	1,604,250	401,363
Resource Center Program federal funds shifted to Aging and Disability Resource Centers	240,000	0	-240,000
Aging and Disability Resource Centers Options Counsel and Transition grants	277,932	592,094	314,162
Level Funding			
Subsidized Assisted Living Group Housing grant	2,983,436	2,983,441	\$5
Public Guardianship grants	642,692	642,692	0
Senior Centers Operating Fund	500,000	500,000	0
Hold Harmless funding	442,210	442,210	0
Veteran's grants	50,000	50,000	0
Information and Assistance grants	692,615	692,613	-2
Grand Total	\$43,704,590	\$42,085,747	-\$1,618,843

Source: Department of Legislative Services

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets Department of Aging (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2012					
Legislative Appropriation	\$22,619	\$360	\$31,244	\$4,888	\$59,111
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	88	2	13	0	104
Reversions and Cancellations	-90	0	-1,005	-1,727	-2,823
Actual Expenditures	\$22,617	\$362	\$30,252	\$3,161	\$56,392
Fiscal 2013					
Legislative Appropriation	\$20,410	\$363	\$27,843	\$4,000	\$52,617
Budget Amendments	0	14	14	0	28
Working Appropriation	\$20,410	\$378	\$27,857	\$4,000	\$52,645

Note: Numbers may not sum to total due to rounding.

Fiscal 2012

A one-time \$750 employee bonus added to MDOA \$27,197 in general funds, \$2,421 in special funds, and \$12,913 in federal funds. As there were not enough federal funds available to cover these payments for federally funded employees, an additional \$53,165 in general funds were appropriated to make up the difference. Finally, a realignment of telecommunications spending between Executive agencies added \$7,922 in general funds to the agency's budget.

At the end of the fiscal year, \$2.8 million of the agency's appropriation remained. A total of \$0.1 million in general funds were unspent and reverted to the general fund. Cancellations totaled \$1.0 million in federal funds and \$1.7 million in reimbursable funds.

Fiscal 2013

The fiscal 2013 appropriation has increased by \$14,378 in special funds and \$14,121 in federal funds to account for a 2% employee COLA. A portion of the special funds come from the Budget Restoration Fund.

**Object/Fund Difference Report
Department of Aging**

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	55.70	55.70	51.70	-4.00	-7.2%
02 Contractual	21.00	24.00	23.00	-1.00	-4.2%
Total Positions	76.70	79.70	74.70	-5.00	-6.3%
Objects					
01 Salaries and Wages	\$ 5,852,786	\$ 5,707,062	\$ 5,398,662	-\$ 308,400	-5.4%
02 Technical and Spec. Fees	693,446	645,256	1,025,999	380,743	59.0%
03 Communication	85,575	71,428	60,926	-10,502	-14.7%
04 Travel	88,007	43,377	102,093	58,716	135.4%
07 Motor Vehicles	7,751	7,410	7,710	300	4.0%
08 Contractual Services	1,154,266	315,510	598,641	283,131	89.7%
09 Supplies and Materials	86,287	36,281	81,700	45,419	125.2%
10 Equipment – Replacement	56,045	8,952	10,105	1,153	12.9%
12 Grants, Subsidies, and Contributions	48,097,484	45,573,396	44,079,949	-1,493,447	-3.3%
13 Fixed Charges	270,673	234,205	241,678	7,473	3.2%
14 Land and Structures	0	2,500	2,500	0	0%
Total Objects	\$ 56,392,320	\$ 52,645,377	\$ 51,609,963	-\$ 1,035,414	-2.0%
Funds					
01 General Fund	\$ 22,616,577	\$ 20,410,154	\$ 20,540,103	\$ 129,949	0.6%
03 Special Fund	362,205	377,848	421,823	43,975	11.6%
05 Federal Fund	30,252,343	27,857,375	26,364,656	-1,492,719	-5.4%
09 Reimbursable Fund	3,161,195	4,000,000	4,283,381	283,381	7.1%
Total Funds	\$ 56,392,320	\$ 52,645,377	\$ 51,609,963	-\$ 1,035,414	-2.0%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

**Fiscal Summary
Department of Aging**

<u>Program/Unit</u>	<u>FY 12 Actual</u>	<u>FY 13 Wrk Approp</u>	<u>FY 14 Allowance</u>	<u>Change</u>	<u>FY 13 - FY 14 % Change</u>
01 General Administration	\$ 55,892,320	\$ 52,145,377	\$ 51,109,963	-\$ 1,035,414	-2.0%
02 Senior Centers Operating Fund	500,000	500,000	500,000	0	0%
Total Expenditures	\$ 56,392,320	\$ 52,645,377	\$ 51,609,963	-\$ 1,035,414	-2.0%
General Fund	\$ 22,616,577	\$ 20,410,154	\$ 20,540,103	\$ 129,949	0.6%
Special Fund	362,205	377,848	421,823	43,975	11.6%
Federal Fund	30,252,343	27,857,375	26,364,656	-1,492,719	-5.4%
Total Appropriations	\$ 53,231,125	\$ 48,645,377	\$ 47,326,582	-\$ 1,318,795	-2.7%
Reimbursable Fund	\$ 3,161,195	\$ 4,000,000	\$ 4,283,381	\$ 283,381	7.1%
Total Funds	\$ 56,392,320	\$ 52,645,377	\$ 51,609,963	-\$ 1,035,414	-2.0%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal 2013 Grants to Area Agencies on Aging

	<u>Federal Grants</u>	<u>State Grants</u>	<u>Total</u>
Allegany	\$432,333	\$349,462	\$781,795
Anne Arundel	1,682,485	1,225,151	2,907,636
Baltimore City	4,253,534	3,049,250	7,302,784
Baltimore County	3,150,329	1,961,761	5,112,090
Calvert	277,408	141,863	419,271
Caroline	154,035	166,585	320,620
Carroll	565,527	398,952	964,479
Cecil	334,817	342,644	677,461
Charles	381,110	200,913	582,023
Dorchester	186,698	239,951	426,649
Frederick	634,668	328,777	963,445
Garrett	223,525	196,259	419,784
Harford	752,440	367,503	1,119,943
Howard	786,934	870,524	1,657,458
Kent	150,446	163,169	313,615
Montgomery	3,115,136	1,677,782	4,792,918
Prince George's	2,475,393	1,871,287	4,346,680
Queen Anne's	214,508	176,051	390,559
Somerset	153,987	185,057	339,044
St. Mary's	378,194	199,467	577,661
Talbot	183,203	198,096	381,299
Washington	659,506	437,807	1,097,313
Wicomico	368,955	460,780	829,735
Worcester	294,519	339,728	634,247
Total	\$21,809,690	\$15,548,819	\$37,358,509

Source: Maryland Department of Aging